

sec news digest

Issue 88-94

May 17, 1988

COMMISSION ANNOUNCEMENTS

WEEKLY CALENDAR

The following is a schedule of speaking engagements, Congressional testimony, Commission hearings and other public events involving the Commission for the week of May 22, 1988. (Commission Meetings are announced separately in the News Digest)

Tuesday, May 24

- * Chairman Ruder will testify before the Senate Banking Committee beginning at 10:00 a.m. in Room 538, Dirksen Senate Office Building. The subject of the hearing will be market reform.

ADMINISTRATIVE PROCEEDINGS

MACDONALD LIGHT DEFAULTS

In administrative proceedings ordered under Sections 15(b) and 19(h) of the Securities Exchange Act of 1934, the Commission issued Findings and Order Imposing Remedial Sanctions by Default against MacDonald Light. Light failed to answer the Order for Public Proceedings, and therefore was in default.

On the basis of the Order for Public Proceedings, the Commission found that from June 1984 to about June 1986, Light: (1) aided and abetted Cusack Light & Co., Inc.'s (Registrant) violations of various back office provisions of the Exchange Act; (2) was enjoined by a federal district court from further violations of the securities laws; and (3) was responsible for the need of an appointment of a trustee to liquidate Registrant.

The Commission ordered that Light be barred from association with any broker, dealer, investment company, investment adviser, or municipal securities dealer. (Rel. 34-25684)

JOSEPH A. LUGO BARRED

Administrative Law Judge David J. Markun issued an initial decision barring Joseph A. Lugo from association with a broker-dealer.

The bar is based upon findings that Lugo willfully violated the antifraud provisions of Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 in connection with a public distribution of the common stock of Creditbank, Inc., a small Miami-area bank, from May 1980 to July 1981. The decision finds that Lugo, vice president and registered representative of First State Securities Corporation, a Miami broker-dealer, during the relevant period, among other things, dominated and controlled the market for Creditbank during the relevant 14-month period, grossly mispriced the stock, and failed to disclose to customers numerous material facts about Creditbank.

Judge Markun also found that Lugo had been the subject of a number of prior disciplinary actions.

The initial decision is subject to review by the Commission on its own motion or on petition of a party.

CRIMINAL PROCEEDINGS

CRIMINAL CHARGES AGAINST E. F. HUTTON & COMPANY, INC. AND BRIAN J. LAREAU

Lincoln C. Almond, U.S. Attorney for the District of Rhode Island, announced on May 9 the issuance of criminal informations against E. F. Hutton & Company, Inc. and Brian J. Lareau, a former Hutton broker. Hutton is charged with failure to file currency transaction reports in transactions totalling over \$532,000 that were conducted by former Providence, Rhode Island branch office registered representatives Stephen S. Fusco (now deceased) and Lareau. Fusco and Lareau allegedly assisted customers in evading currency transaction reporting requirements by having certain customers' cash converted to cashier's checks in individual amounts not to exceed \$10,000 at various banks in the Providence area. The multiple cashier's checks were then deposited in customer accounts to purchase certificates of deposits and municipal securities in the form of bearer bonds. Some of Fusco's and both of Lareau's customers' accounts, where such transactions occurred, bore false names and social security numbers.

On October 22, 1987, the Commission censured Hutton and ordered undertakings relating to Hutton's cash receipts procedures, and suspended the former manager of its Providence branch office. (U.S. v. E. F. Hutton & Company, Inc., Cr. No. 88-036-L, D RI; U.S. v. Brian J. Lareau, Cr. No. 88-037-B, D RI). (LR-11736)

INVESTMENT COMPANY ACT RELEASES

NORTHEAST UTILITIES

A notice has been issued giving interested persons until June 6 to request a hearing on a proposal by Northeast Utilities (NU), a registered holding company, and its subsidiaries, The Connecticut Light and Power Company, Western Massachusetts Electric Company, Holyoke Water Power Company, Northeast Utilities Service Company (NUSCO), Northeast Utilities Nuclear Energy Company (NNECO), and The Rocky River Realty Company (RRR) (together, Declarants). The Declarants may each borrow under a credit agreement up to \$50 million for up to six months on a revolving basis, provided that the aggregate outstanding amount does not exceed \$50 million. NU will guarantee the obligations of NUSCO, NNECO, and RRR. (Rel. 35-24642 - May 12)

LISTING, DELISTING AND UNLISTED TRADING ACTIONS

UNLISTED TRADING SOUGHT

Notices have been issued giving interested persons until June 3 to comment on the application of the following stock exchanges for unlisted trading privileges in the specified number of issues which are listed and registered on one or more other national securities exchanges and are reported in the consolidated transaction reporting system: Philadelphia Stock Exchange - nine issues. (Rel. 34-25695); and the Boston Stock Exchange - 11 and 12 issues [two separate applications]. (Rel. 34-25696; 34-25697)

WITHDRAWAL GRANTED

An order has been issued granting the application of WEDGESTONE FINANCIAL to withdraw the shares of beneficial interest, \$1.00 par value, from listing and registration on the American Stock Exchange. (Rel. 34-25698)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGE

The New York Stock Exchange filed a proposed rule change under Rule 19b-4 (SR-NYSE-88-14) that would further amend proposed Rule 36.30. NYSE Rule 36.30 was originally proposed for Commission consideration in File No. SR-NYSE-87-18. The current proposal

would permit a specialist unit to use the telephone line at its trading post location to enter options or futures hedging orders through a member (on the floor) of an options or futures exchange. Publication of the proposal is expected to be made in the Federal Register during the week of April 16. (Rel. 34-25694)

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, Address and Phone Number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

- S-3 LINCOLN TELECOMMUNICATIONS CO, 1440 M ST, LINCOLN, NE 68508 (402) 474-2211 - 100,000 (\$3,250,000) COMMON STOCK. (FILE 33-21557 - APR. 29) (BR. 7)
- S-4 DOMINION BANKSHARES CORP, 213 S JEFFERSON ST, ROANOKE, VA 24040 (703) 563-7000 - 945,948 (\$8,522,992) COMMON STOCK. (FILE 33-21610 - APR. 29) (BR. 2)
- S-18 DELAFIELD CORP, 1512 CRUMS LANE, LOUISVILLE, KY 40216 (502) 634-1581 - 500,000 (\$500,000) COMMON STOCK. (FILE 33-21619-C - MAY. 02) (BR. 12 - NEW ISSUE)
- S-1 ZODIAC FUTURES FUND LP, ONE N JEFFERSON AVE, ST LOUIS, MO 63103 (314) 289-3049 - 100,000 (\$10,000,000) LIMITED PARTNERSHIP CERTIFICATE. UNDERWRITER: EDWARDS A G & SONS INC. (FILE 33-21648 - MAY. 09) (BR. 11 - NEW ISSUE)
- S-11 SALOMON BROTHERS MORTGAGE SECURITIES VII INC, TWO NEW YORK PLZ, NEW YORK, NY 10004 (212) 747-2082 - 871,404,042 (\$500,000,000) PASS-THROUGH MORTGAGE-BACKED CERTIFICATE. (FILE 33-21650 - MAY. 09) (BR. 12)
- S-3 BOLAR PHARMACEUTICAL CO INC, 33 RALPH AVE, COPIAGUE, NY 11726 (516) 842-8383 (FILE 33-21651 - MAY. 10) (BR. 4)
- S-18 SKYLINE PRODUCTIONS LTD, 10987 PINWOOD DR, PARKER, CO 80134 (303) 841-2636 - 1,200 (\$1,200,000) LIMITED PARTNERSHIP CERTIFICATE. 800 (\$800,000) LIMITED PARTNERSHIP CERTIFICATE. (FILE 33-21666-D - MAY. 03) (BR. 12 - NEW ISSUE)
- S-8 MTS SYSTEMS CORP, 14000 TECHNOLOGY DR, EDEN PRAIRIE, MN 55344 (612) 937-4000 - 300,000 (\$6,900,000) COMMON STOCK. (FILE 33-21699 - MAY. 09) (BR. 8)
- S-11 GIBRALTAR SAVINGS, 9111 WILSHIRE BLVD, BEVERLY HILLS, CA 90210 (213) 278-8720 - 500,000,000 (\$500,000,000) PASS-THROUGH MORTGAGE-BACKED CERTIFICATE. (FILE 33-21721 - MAY. 06) (BR. 12 - NEW ISSUE)
- S-6 MUNICIPAL INVESTMENT TRUST FUND MULTISTATE SERIES 4N, ONE LIBERTY PLZ - 21ST FLR, C/O MERRILL LYNCH PIERCE FENNER & SMITH, NEW YORK, NY 10080 - INDEFINITE SHARES. DEPOSITOR: MERRILL LYNCH PIERCE FENNER & SMITH INC, PAINWEBBER INC, PRUDENTIAL BACHE SECURITIES INC, SHEARSON LEHMAN HUTTON INC. (FILE 33-21734 - MAY. 10) (BR. 17 - NEW ISSUE)
- S-6 CORPORATE INCOME FUND TWO HUNDRED SEVENTY SEVENTH MON PYMT SER, ONE LIBERTY PLZ - 21ST FLR, C/O MERRILL LYNCH PIERCE FENNER & SMITH, NEW YORK, NY 10080 - INDEFINITE SHARES. (FILE 33-21735 - MAY. 10) (BR. 17 - NEW ISSUE)
- S-6 MUNICIPAL INVT TR FUND FOUR HUNDRED SIXTIETH MON PYMT SER, ONE LIBERTY PLZ - 21ST FLR, C/O MERRILL LYNCH PIERCE FENNER & SMITH, NEW YORK, NY 10080 - INDEFINITE SHARES. DEPOSITOR: MERRILL LYNCH PIERCE FENNER & SMITH INC, PRUDENTIAL BACHE SECURITIES INC, SHEARSON LEHMAN HUTTON INC. (FILE 33-21736 - MAY. 10) (BR. 17 - NEW ISSUE)
- S-6 EQUITY INCOME FUND FOURTEENTH UTILITY STOCK SERIES, ONE LIBERTY PLZ - 21ST FLR, C/O MERRILL LYNCH PIERCE FENNER & SMITH, NEW YORK, NY 10080 - INDEFINITE SHARES. (FILE 33-21737 - MAY. 10) (BR. 17 - NEW ISSUE)
- S-8 UNITED ASSET MANAGEMENT CORP, ONE INTERNATIONAL PL, BOSTON, MA 02110 (617) 330-8900 - 1,200,000 (\$13,800,000) COMMON STOCK. (FILE 33-21756 - MAY. 09) (BR. 11)
- S-8 WINNEBAGO INDUSTRIES INC, P O BOX 152, FOREST CITY, IA 50436 (515) 582-3535 - 2,000,000 (\$17,875,000) COMMON STOCK. (FILE 33-21757 - MAY. 09) (BR. 4)

- S-8 VALHI INC /DE/, THREE LINCOLN CENTRE, 5430 LBJ FRWY STE 1700, DALLAS, TX 75240 (214) 233-1700 - 4,000,000 (\$39,520,000) COMMON STOCK. (FILE 33-21758 - MAY. 09) (BR. 3)
- S-3 WICHITA RIVER OIL CORP /VA/, 3300 ANACONDA TWR, 555 17TH ST, DENVER, CO 80202 (303) 292-3300 - 333,641 (\$2,794,243) COMMON STOCK. (FILE 33-21759 - MAY. 10) (BR. 11)
- S-3 DATAKEY INC, 407 W TRAVELERS TRAIL, BURNSVILLE, MN 55337 (612) 890-6850 - 400,000 (\$3,000,000) COMMON STOCK. (FILE 33-21760 - MAY. 06) (BR. 9)
- S-8 HAWAIIAN ELECTRIC INDUSTRIES INC, 900 RICHARDS ST, HONOLULU, HI 96813 (808) 548-7771 - 150,000 (\$5,000,000) COMMON STOCK. (FILE 33-21761 - MAY. 10) (BR. 7)
- S-3 TELESPHERE INTERNATIONAL INC, TWO MID AMERICA PLZ STE 500, OAKBROOK TERRACE, IL 60181 (312) 954-7700 - 1,340,957 (\$7,375,264) COMMON STOCK. (FILE 33-21783 - MAY. 10) (BR. 7)

REGISTRATIONS EFFECTIVE

April 7: The American Express Funds, 33-18464; Connecticut Energy Corporation, 33-20299; Dart Drug Stores, Inc., 33-20098; Derby International Inc., 33-20212-A; GVS Med, Inc., 33-17513-LA; General Development Corporation, 33-14067; Georgia-Pacific Corporation, 33-21018; Greenwick Pharmaceuticals Inc., 33-19907; Iconquest, Inc., 33-17004; Kansas City Power & Light Company, 33-21009; National Municipal Trust, Insured Series 29, 33-16646; Temporary Time Capital Corp., 33-17774-NY; Overland Express Funds, Inc., 33-16296; Select Acquisitions, Inc., 33-19292-S.

April 8: Acton Corporation, 33-19502; Drug Screening Systems, Inc., 33-19770-NY; GTE Florida Incorporation, 33-20998; General Development Corporation, 33-21104; Louisiana General Services, Inc., 33-20927; Nutrition Residence Centers of America, 33-19771-LA; Neugerger & Berman Cash Reserves, 33-19951; RJR Nabisco, Inc., 33-21056; Seamen's Mortgage Finance II Inc., 33-20851.

April 11: Armstrong World Industries, Inc., 33-20821; Bank of Boston Corporation, 33-20605; T.A. Buscaglia Co., Inc., 33-17718-03; Caravel Corporation, 33-18461; The Connecticut Light and Power Company, 33-20646; Cotter & Company, 33-20960; Fastcomm Communications Corporation, 33-19758; G & G Sales & Service of W.N.Y. Inc., 33-17718-01; Greenwood Holdings Inc., 33-20941; Houston Lighting & Power Company, 33-21075; Meditrust, 33-20557; NFS Agency Corporation, 33-17718-02; Olde Custodian Fund, 33-15935; Oregon Steel Mills, Inc., 33-20407; Pall Corporation, 33-20906; Separate Account A of Paragon Life Insurance Company, 33-18341; Pinevest Foods, Inc., 33-20386; Robeson Industries Corp., 33-20683; Safe Aid Products Incorporated, 33-20064-NY; Tops, Inc., 33-17718-05; 33-17718-04; Tops Markets Inc., 33-17718; Vix, Inc., 33-17718-07; Wilson Farms, Inc., 33-17718-06; Zenith Ventures Corporation, 33-20720-LA.